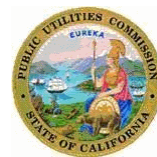


**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**

7-26-16  
04:59 PM

In the Matter of the Application of Cypress Ridge Sewer Co. for a Certificate of Public Convenience and Necessity to Provide Sewer Utility Service to the Cypress Ridge Development in San Luis Obispo County, California.

Application No. 15-08-025

And Related Matter.

Application No. 15-12-015

**AMENDMENT TO APPLICATION NO. 15-12-015**

Pursuant to the “Assigned Commissioner’s Scoping Memo and Ruling” in these consolidated proceedings, dated May 27, 2016 (“Scoping Memo”), Applicant Charles M. Baker, as Successor in Interest to Rural Water Company (“Rural Water”), hereby amends Application No. 15-12-015 (the “Application”) to seek authority to transfer not just the “Shared Building,” as described in the Application, but also authority to transfer all of the sewer utility assets currently being used by Cypress Ridge Sewer Co. (“Cypress Ridge Sewer”) to provide public utility sewer services to the Cypress Ridge Development in San Luis Obispo County.

**I. BACKGROUND**

The Application originally sought authority for the transfer by Rural Water and/or its sole shareholder, Mr. Baker, to Cypress Ridge Sewer of one sewer utility asset, a building owned by Rural and used to provide both public utility water and public utility sewer services to the Cypress Ridge Development. Rural was formerly a Class C, Commission-regulated water utility which provided water utility service to the Cypress Ridge Development and approximately 600 other customers in San Luis Obispo County, California. Pursuant to Decision 15-06-049, dated

July 1, 2015 (the “Rural/Golden State Decision”), in Application No. 13-10-011, the Commission authorized the sale of Rural’s water utility assets to Golden State Water Company by approving a settlement agreement among the parties to the joint application of Rural Water and Golden State Water.<sup>1</sup> The asset sale from Rural Water to Golden State Water closed on October 14, 2015, and Golden State Water now provides water utility service to Rural’s former water customers. However, the Rural Water assets transferred to Golden State did not include a building used in both the provision of water utility and sewer utility services to the Cypress Ridge Development (the “Shared Building”). Rural Water retained ownership of the Shared Building after the asset sale to Golden State.

Shortly after the filing of this Application, Rural Water, having been relieved of its public utility water obligations by the Rural/Golden State Decision, was dissolved. Any assets owned by Rural Water at the time of its dissolution, including the Shared Building, were distributed to its sole shareholder, Mr. Baker, who holds the Shared Building and any other sewer utility assets deemed to be owned by Rural Water for the benefit of Cypress Ridge Sewer.

As the Scoping Memo notes, in 2008 Mr. Baker transferred Rural Water’s sewer utility assets to Cypress Ridge Sewer, but did so without having first sought and obtained authority from the Commission to make the transfer. The Scoping Memo goes on to state that “[b]ecause Baker/Rural has not ‘secured an order’ or ‘obtained approval’ from the Commission authorizing the transfer of Rural’s sewer utility assets, as required by [Public Utilities Code] §851, the unauthorized transfer of sewer utility assets to Cypress Ridge in 2008 is void.”<sup>2</sup> Thus, the Scoping Memo ruled that:

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<sup>1</sup> In addition to Rural Water and Golden State Water, the joint applicants in A.13-10-011, the parties to that proceeding included the Commission’s Office of Ratepayer Advocates (“ORA”) and the Cypress Ridge Owners’ Association (“CROA”).

<sup>2</sup> Scoping Memo, at 4-5.

“Rural Water Company/Cypress Ridge Sewer System must amend Application 15-12-015, within 60 days of the date of this scoping memorandum, to seek authority for Rural Water Company to transfer to Cypress Ridge Sewer System, all of the sewer utility assets, including those transferred to Cypress Ridge Sewer System in 2008.”<sup>3</sup>

## **II. AMENDMENT TO APPLICATION**

Pursuant to the directive of the Scoping Memo, Mr. Baker, as successor in interest to Rural Water, hereby amends the Application by seeking the Commission’s authorization to transfer to Cypress Ridge Sewer, in addition to the Shared Building (as described in the original Application), all of the sewer utility assets transferred without Commission authorization to Cypress Ridge Sewer in 2008. These sewer utility assets are set forth on Exhibit 1, attached hereto and made a part hereof. Exhibit 1 is the 2009 Book Depreciation Schedule of sewer operating plant that was included in Cypress Ridge Sewer’s 2009 Annual Report to the Commission. In 2008, Cypress Ridge filed a general rate case advice letter with the Commission. After a review of Cypress Ridge Sewer’s operations and plant by the Commission’s Division of Water and Audits (“DWA”), and upon recommendation from DWA, the Commission issued Resolution W-4795, dated November 20, 2009, approving Cypress Ridge Sewer’s GRC advice letter and granting a rate increase for sewer service. Thus, the sewer plant, as reported by Cypress Ridge Sewer in its 2009 Annual Report, with a “date acquired” of “5/01/08” represents sewer plant once owned by Rural Water. Items 7 through 14 under “Machinery and Equipment” on Exhibit 1 were acquired and placed into service by Cypress Ridge Sewer and were not previously owned by Rural Water. Excluding items 7 through 14, the sewer plant set forth on Exhibit 1 is what Mr. Baker now seeks authority to transfer to Cypress Ridge.

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<sup>3</sup> Scoping Memo, Ruling 2, at 14.

### III. CONCLUSION

By this amendment to the Application, Charles M. Baker, as successor in interest to Rural Water, seeks Commission authority to transfer to Cypress Ridge Sewer, the Shared Building (as described in the original Application) plus the other sewer utility assets set forth on Exhibit 1, hereto. Other than this one amendment, the Application remains unchanged.<sup>4</sup>

Dated: July 26, 2016

Respectfully submitted,

CHARLES M. BAKER, Successor in Interest to  
Rural Water Company

By /s/ Jose E. Guzman, Jr.

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<sup>4</sup> It should be noted that, per the directive of the Scoping Memo, the caption to Cypress Ridge Sewer's application for a Certificate of Public Convenience and Necessity, Application No. 15-08-025, has been changed to remove "U-311-S" from the caption. See, Scoping Memo, at 9-10.